

# **Affirmative Testimony of Candice Hill**

Chief Financial Officer  
Priority Wire and Cable

International Trade Commission Staff Conference  
*Aluminum Wire and Cable from China*  
October 12, 2018

Good afternoon. My name is Candice Hill. I am CFO of Priority Wire & Cable, Inc. I wanted to start by telling you about Priority Wire & Cable. We are not the company portrayed in the petition. I have been with the company almost 20 years and have been privileged enough to watch the company from infancy to what it is today. We just celebrated our 25th anniversary. It has been a great pleasure to be a small part of the success of a company that has succeeded based on a very simple culture.

From the beginning we have had just one mission: To provide quality product at a level of service that sets us apart from everyone else. The mission sounds simple, but it is not. The quality product is the easy part. A product must meet specific standards in order to obtain its UL

listings. It is the service part of the mission that is hard, but one we have mastered. We can do what no one else can. In my two decades in this industry, we have seen other companies try but fall short of the high bar we have set. I wanted to talk about how we achieve such a high level of service for just a few moments.

We all remember 2009 and how hard our economy was hit. It was truly a perfect storm in our industry because commodity prices for aluminum and copper plummeted and the economy was struggling. Our customers who service contractors were hit pretty hard holding inventory that was worth about 30% of what they paid for it. They learned from this. The days of stocking inventory were all but over. We became their stocking warehouse. The concept of “just-in-time” inventory became the new normal. A contractor would contact our customer with a need, they would order from us, and the contractor would drive to our facility to pick it up, or we would ship for next day delivery. We held the risk and the contractor was serviced. This is a valuable piece for our national economy. Unless they are working on a

big job and can plan out their deliveries, contractors can't wait a week or more for product. The petitioners can't ship same day and they can't have an order ready in 15 minutes, something we do hundreds of times a day.

In short, our people make the difference. We have a team of people who stay until the job is done, who truly love our company. They take pride in the success of the company, and the high levels of customer satisfaction that Priority achieves. Accomplishing that isn't magical, it takes a great deal of effort. We hire an employee and from the beginning they know how special it is to work for us. To hire and keep the best people, our benefit package is unheard of. In a world where health care is a big topic, the first big benefit is that we pay 100% for family health care insurance. No one has to worry about the rising costs of health care insurance working for us. Recognizing our employees will give a majority of their life to our company, we want them to retire comfortably. So we developed a profit sharing plan where we contribute 15% of an employee's total compensation into a

retirement plan for them. We have also paid bonuses to all employees for the past several years based upon our earnings. All our employees share in the company's success.

You may wonder how do they do all of this and still make money if they aren't getting some competitive advantage from pricing? One of the main answers is that those same people we are talking about do more work. If I compare our average sales dollars per employee to the petitioners Southwire and Encore the numbers speak for themselves. We achieve 1.8 million dollars in sales per employee. Based on public information, Southwire comes in at only 733 thousand per employee. Encore does a little better with right at 950 thousand per employee. This means Priority is achieving 200-260% more sales dollars per employee. We also don't have a lot of 'frills'. We don't own private jets. And we don't file nuisance law suits or petitions. We invest our earnings in people and inventory. Those things have been the recipe for success since our inception.

Don't just take my word for it, I looked at Glassdoor reviews to see how the employees felt about the company they were working for. If you aren't familiar with Glassdoor, it is a website where current and past employees can rate a company on a scale from 1 to 5 stars based on several key factors. The overall ratings begin to tell the story. Southwire has a 3.6 rating. Encore's has only a 2.3 rating. In contrast, Priority Wire has a 4.8 rating.

When reading the reviews, I found example after example of management issues and a general feeling of being unappreciated at Southwire and Encore. I certainly won't waste a lot of time with quotes from those reviews, but a few seemed relevant.

For Southwire, one employee's advice to management was "Focus on getting customer service where it needs to be (We are unfortunately terrible at servicing our customers)." Another employee commented: "The worst management structure.... Very poor decision making ability, and built from the top down to micromanage employees with little or no trust in the employees."

For Encore, one employee commented: “Horrible upper management, once you hit 14.00 an hour no more raises, hard working environment, supervisors or leads ... make it unbearable to work always giving wrong orders, and hourly employees have no opinions.” Another employee commented: “This place is the epitome of chaos. The communication is horrible, the management will break their teams backs for their bonuses and reward them with chicken tenders.”

In contrast, Priority employees have far more positive comments. One employee noted: “Priority really cares about its employees, by far the best benefits I have ever seen.” Another employee noted: “PWC is a leader in its industry all the way from customer service to the way each department is run. The owners have built an amazing platform in which its employees can thoroughly prosper as much as the company itself. They are firm believers in giving their employees something to work for and they do that very well.”

I have picked just a few examples. If you spend any time on the Glassdoor website, you will see that these comments are pretty typical for these three companies.

When I started 20 years ago we had our corporate office and warehouse in Little Rock, Arkansas and one small warehouse in Beaumont, Texas -- the town where the movie "Footloose" was set. We have since grown to 15 stocking warehouses with almost 2 million sq foot of warehouse space. We achieved that growth through superior customer service selling a mix of domestic and imported inventory.

We would have liked to continue sourcing primarily domestically, but we were not given that choice. Twenty years ago, we did not import from China, and the vast bulk of our product was domestically sourced. But as we focused increasing on providing the best possible customer service, and customers turned to us even though our pricing was higher, some domestic suppliers made the decision to stop selling to us. We were forced by these circumstances to go offshore for our product.

These off-shore suppliers are just that – suppliers. We do not invest in them, and they do not invest in Priority.

Whenever I visit customers there is one common theme I always hear: Our service is unmatched. And how although competitors may offer better pricing, they have time and time again failed on service. Salespeople will often come to me to vent about how hard it is to meet our sales goals when there is better pricing in the market. They are looking for an ear to listen, or for guidance on how to overcome and succeed by not being the low cost provider. That is why this petition is probably one of the few times in the last decade that I found myself shocked by the way a competitor has characterized Priority and its business model.

Thank you for the chance to tell our story. I look forward to your questions.

\* \* \*